GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:1751
ANSWERED ON:04.08.2005
EXPLORATION LICENSING POLICY
Sidhu Shri Navjot Singh

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government has received representations to review the existing exploration licensing policy;

(b) if so, the details thereof; and

(c) the Government`s reaction thereto?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (c):- No, Sir. However, before every round of New Exploration Licensing Policy (NELP) is launched, consultations are held with all stakeholders to suggest and incorporate improvements. The same process was followed for the fifth round of NELP announced on 4 January 2005. These consultations led to incorporation of some new features which constitute an improvement over earlier rounds. A summary of the improvements made in the Fifth Round may be seen at Annex. As a result, the response to the bidding under the fifth round of New Exploration Licensing Policy (NELP-V), has been very successful. 69 bids for 20 blocks were received from 48 companies of which 27 were from abroad. Subsequent to the closing of bids for the Fifth Round, the Ministry, on its own initiative, held a meeting of stakeholders at a CEOs conclave under the auspices of Petrofed on 7.7.2005 where the issue of modifying NELP after comparing the position in other countries was discussed. The Ministry has asked Petrofed to undertake a study on the improvements that they propose to be effected in NELP after taking the views of industry members.

ANNEX

Annex referred to in reply to parts (a) to (c) of the Lok Sabha Unstarred Question No.1751 by Shri Navjot Singh Sidhu to be answered on the 4th August, 2005 regarding Exploration Licensing Policy.

(i) All geo-scientific data were made available online through the internet to enable companies to view data at their own convenience and location.

(ii) Work stations equipped with software were provided at data centers at London, Houston, Calgary and Dubai. This enabled companies to analyse and interpret the data at the data centre itself.

(iii) In order to provide marketing stability to the companies, the government shall exercise its option to take its profit share of natural gas in cash or kind for a block of 5 years instead of such option being made every year as in the previous rounds.

(iv) Data packages and information dockets can be purchased at a discounted price.

(v) In order to encourage small and medium size investors, companies having a net worth of US $ 500 Million or more will not be required to give a bank guarantee towards Minimum Work Programme commitment in respect of onland and shallow water blocks. This threshold value in the previous round was US$ 1000 Million.

(vi) In order to bring more transparency in the bidding process, weightages for all bid evaluation criteria including weightages for sub-criteria were made public under NELP-V for the first time.

(vii) Details of all operational blocks from earlier rounds such as work programme, fiscal terms etc. were available at Data Centres. This enabled companies to assess existing work programme as well as other bidding parametres while formulating their own bids and may also help them in forming strategic alliances.